

October 2, 2008, Ocean Planning Work Group Meeting (Notes)

Welcome and Introductions (Braxton Davis): Introductions of Work Group members

Ocean Planning Work Group Members in attendance:

Robert Boyles (DNR)

Carolyn Boltin (SCDHEC-OCRM)

Marvin Pontiff, Alternate for Carolyn (SCDHEC-OCRM)

Leslie Sautter (College of Charleston)

Paul Gayes (Coastal Carolina University)

Cindy Fowler (NOAA Coastal Services Center)

Rick DeVoe (SC Sea Grant)

Via phone:

John M. Dean (ret. USC)

Dwayne Porter (University of South Carolina)

Paul Sandifer (NOAA Hollings Marine Lab)

OCRM staff support: Braxton Davis and Melissa Rada

Braxton welcomed all to the second SC Ocean Planning Work Group meeting. He began by raising the point that much is happening in regards to ocean activities in SC. He reviewed the agenda, and discussed a recent meeting with the Governor's office. He mentioned that OCRM has been receiving calls about the agency's involvement, if any, in planning for or knowledge of potential offshore activities. Braxton suggested that this ocean planning group could be a great resource for establishing a baseline, ideas and information sharing. All members seemed to agree that this would be the role of the group in developing an ocean plan.

Outcomes from SC Ocean Mapping Workshop (Melissa): Participants at the recent mapping workshop (April 2008) identified ~ 20 specific ocean mapping priorities for South Carolina. A broad consensus was reached on 3 general overriding mapping priorities:

- High Resolution seafloor mapping to include bathymetric data, substrate point-sampling, and sub-seafloor geology (priority areas: nearshore out to 5 mi, dredge disposal areas, MPAs, inlets)
- Marine habitat classification, mapping and modeling
- Inventory and characterization of sand resources

These priorities were further refined and confirmed through a follow-up, online survey of meeting attendees.

In addition to identifying mapping needs, one recommendation that came out of the workshop was to develop a consensus statement on behalf of the workshop participants and other scientists or experts in the state declaring support for seafloor mapping in South Carolina.

Consensus Letter (Melissa): A consensus letter could emphasize the need for seafloor mapping and provide support for future requests for funding. A similar approach was taken by Oregon,

and it was suggested that Oregon's letter serve as a model. Melissa opened the discussion up for any suggestions or comments about Oregon's letter and/or to gather input about what should be included in South Carolina's letter.

One work group member commented that the letter should tell a compelling story as to why seafloor mapping is needed in SC. Another member suggested that the letter include specifics such as exposure to hurricanes, sea level rise, and global warming, which will impact the coast in the form of flooding. Members suggested that the letter include statistics about: values of public infrastructure; the \$6 billion/year coastal tourism industry; information on the past coastal erosion study; and how it will relate to offshore energy. It was recommended that the letter include statistics on total square miles of ocean area in SC, which the NOAA CSC (Fowler) will assist with.

The next steps are:

- CSC will provide square mileage for 0-5nm and 0-12nm.
- OCRM staff will draft a letter, incorporating the above comments and send out to the work group and others (MMS, DNR, etc.) for review.

Ocean Governance Document (Melissa): Melissa reminded the group to review the draft version of the ocean governance document and provide comments and suggestions on the scope, organization, or content. It was explained that this document is intended to constitute a chapter of the final ocean plan. Melissa described the layout of the chapter, which contains discussions of federal and state authorities in ocean waters and three regulatory "pathfinders" – sand, oil and gas, and alternative energy – which are still being refined. Also included are some discussions of local government authorities and the power counties have to zone out to three miles. It is not clear what, if any, limits to that power exist and to date, OCRM is unaware of any counties in SC exercising this power. Melissa explained that final edits are not needed at this meeting, but requested initial comments. None were raised and the group requested additional time to review the draft as well as a proposed outline for the final report.

The next steps are:

- OCRM will re-send the draft document to work group members for their review and comments.
- OCRM will draft a proposed outline for a final ocean plan.

Offshore Energy (Braxton): (Oil & Gas)

Braxton discussed the MMS proposed oil & gas leasing program for 2010-2015. MMS sent out a letter calling for comments as the new leasing program is being drafted. The program is being proposed in response to rising gas prices and the lifting of the Congressional moratorium on offshore drilling. The existing lease plan is for 2007-2012.

A question was asked on whether SC has existing authorities over OCS oil and gas leases outside of the 3-mile state limit. The answer was that the federal consistency provision of the federal Coastal Zone Management Act is still in force. Braxton explained that OCRM's enforceable policies in our Coastal Program Document are not prescriptive in nature. A question was also

asked about the South Atlantic Fishery Management Council's energy policies. The response was that the previously approved policies (2005) were becoming part of a Comprehensive Ecosystem Plan that was subject to approval later this year. These energy policies were revised to reflect new energy development activities since 2005, i.e. alternative energy. It was pointed out that SAFMC's policies are more specific and cover an area from North Carolina to the Florida Keys. One member mentioned that in the past, natural gas reserves were questionable off of South Carolina's coast but now it is understood that they exist. Braxton mentioned that he had recently received a call from Scott Howard (DNR Geological Survey) and a workshop was being planned among geologists to discuss the potential for offshore oil & gas resources. OCRM will be invited to this workshop (tentatively scheduled for December). It was suggested that these resources may be far offshore, in deep water and subject to Gulf Stream effects, and may be difficult to reach. It was suggested that this work group should provide good information to the Governor's office and to new study committees formed by the State Legislature.

Braxton explained that in 2007, state legislation called for a natural gas study committee that will first meet on October 16, 2008 in Columbia. OCRM staff will attend. OCRM has also been in contact with the state Energy Office and will hopefully speak with them regarding any of their activities/planning, etc. for offshore energy development.

(Alternative Energy)

Braxton mentioned that there is also an alternative energy study committee initiated by state legislation this year (H. 4766). The name of the committee is "Wind Energy Production Farms Feasibility Study Committee." The legislation states:

Committee shall review, study, and make recommendations regarding the feasibility of windmill farms in the State including, but not limited to, whether South Carolina is a suitable site for wind production on land or in offshore areas, the economic and environmental impact to the State, and the cost of wind farm installation and operation in the State.

In Aug/Sept of this year, MMS posted on the Federal Register the Proposed Rule and the Environmental Assessment for Alternative Energy on the OCS. OCRM staff reviewed the proposed rule and assessment, participated in a Coastal States Organization (CSO) conference call, and attended a MMS workshop in Savannah, GA. CSO collected comments from states and submitted a letter to MMS on behalf of coastal states, including SC. The CSO comment letter is available upon request. Some concerns included in the letter:

- Federal consistency – specific guidance for states and energy developers is needed
- Select lease sale areas to minimize effects – early coordination and consultation w/ states, ocean plans, local governments and regional resource agencies/plans should be required v. discretionary
- A process is needed for other federal or state agencies, local governments to appeal to MMS for cancellation of a lease (due to harm or damage to environment, life, or property or failure to comply with terms of lease)

- Inadequate provisions for mitigation – need mechanism for compensation to mitigate for adverse impacts to coastal resources or uses. Federal funding should be authorized for this; revenue sharing – any mitigation in form of financial compensation be treated as revenue eligible for sharing to affected states on basis proportionate to the impacts.
- Revenue sharing – amend the distribution protocol to capture those situations where impacts of a project have disproportional effects on a more distant state's uses or resources. As written, rule assumes most projects will be regular geometric shape.
- Revenue sharing w/ states beyond 15 mi and on OCS should be clarified in the rule (it currently reads as within 15 mi of coastline).
- Have decommissioning plans submitted w/ Construction Operation Plan, should have adequate bonding, and describe how project liabilities for injury to state uses or resources will be addressed.

OCRM comments/notes from workshop in Savannah:

- The process is reactive to proposals, and offers opportunities for competitive proposals for any given area.
- The process is lengthy, phased, and somewhat expensive (MMS develops a NEPA compliance document at proposer's expense of ~\$2M).
- States may receive up to 27% of lease revenues (e.g. a 150 MW facility may yield ~\$500K/year for adjacent state).
- Decommissioning plans and bonds, site assessment plans, etc. are required.
- There was some debate over the process needed for considering alternate use proposals (e.g. adding a hotel or aquaculture to an existing facility).

One work group member made the point that the financial “bailout” bill that was just passed by Congress includes tax incentives for certain energy activities. Another member commented that if you look at the Cape Wind experience (Massachusetts), there were many problems. The EIS was inadequate – the site locations chosen put the project on top of marine sanctuaries. The Fisheries Council was not consulted early on. The Council had many issues and rejected the project. It is critical that resource agencies get involved early to help guide in siting where minimal impacts. All agreed with this recommendation. Braxton also pointed out that NC passed legislation (Senate Bill 3) promoting the development of renewable energy. The bill provides the Environmental Management Commission with the authority to establish an Alternative Energy Committee to evaluate whether NC has the proper regulatory framework to guide development of renewable energy facilities, ensuring no harm to environment.

(Energy - General Discussion)

The question was raised about whether there were any geographical boundaries to OCRM's consistency review. It was explained that no, consistency covered any federal activity that impacted the coastal zone. So this would extend out to OCS. A follow up “white paper” from CSO on state federal consistency authorities was distributed to the work group. It was recommended that this group needed to help inform the SC legislative study committees. The point was also made that fisheries do not understand geopolitical boundaries. Essential fish habitats can go anywhere. A general comment was made that this group needs to shift its initial

direction toward offshore energy issues. When the group met last April, this was not the top priority, but much has changed. The question was then raised about who was backing this group? And was there any way to get an invitation to witness deliberations of the study committees? Carolyn responded that the DHEC Board welcomes and needs this group's input in the form of information and policy recommendations. Another member suggested that if the group hosts an energy workshop, it should be informational and in support of the study committees. Braxton confirmed with the group that once we know more about the committees' efforts, we could coordinate an information-based workshop. It was mentioned that in December, MMS is supposed to be holding an OCS policy committee meeting.

Energy next steps are:

- Engage study committees
- Hold discussions with state Energy Office
- OCRM staff will review other states' experiences w/ offshore drilling (via review EIS's, proposed projects, etc.)
- Schedule a follow up conference call with work group to begin planning a workshop.

SC public perceptions about ocean resources/issues: Dr. Robert Oldendick presented results from a public survey administered in April of this year by the University of South Carolina. The questions were designed to gauge public perceptions about SC's ocean waters. The highlights included:

- 40% visit ocean 1-2 times/yr; 10% visit 11 or more times/yr
- Most important uses: 1) fishing – 53% and 2) recreation – 47%
- Most important resource identified – seafood; 28% couldn't name an ocean resource
- 1/3 reported pollution #1 issue
- 70% reported a sense of urgency on ocean issues

Work group members agreed that based on this survey, public education is key. One member asked Dr. Oldendick whether responses or categories that are similar could be reclassified or aggregated into groups. One example given was grouping together categories "conservation" with "preservation". Dr. Oldendick responded that this could be done. It was then pointed out that the answers with small percentages should not be ignored as they represent stakeholders who will need to be included. Another person noted that it was interesting that 70% of those answering about ocean related issues reported a sense of urgency in their responses ("extremely urgent" and "very urgent"). It was recommended that a follow up survey happen to serve the purpose of informing the public about ocean resources and issues. One commented that it was not surprising that the general public selects fishing and recreation as the top uses and pollution is the top issue, and that the sense of urgency for that issue is very-extremely urgent. One person noted that this survey should not be used to reflect perceptions about the coast, even though coastal issues came up. There should be a separate survey for public perceptions about the coast. Dr. Oldendick explained that the general public does not differentiate between ocean and land (coast). See final report for questions and break down of all responses.

To wrap up, Melissa mentioned that OCRM staff recently attended a "sand mining" MMS workshop at the NOAA Coastal Services Center. The workshop was mainly information-based,

and introduced the MMS sand mining lease program guidelines. Melissa will make notes from the workshop available to the group.

Upcoming:

- The tentatively scheduled monitoring workshop in November will be postponed until spring 2009, allowing for more immediate focus to be on offshore energy development.
- DNR workshop on oil & gas (TBA).
- Follow up Work Group conference call re: energy workshop, update on study committees, etc.